

ECONOMIC DEVELOPMENT COMMITTEE

DATE: March 16, 2005

CALLED TO ORDER: 5:00 p.m.

ADJORNED: 6:50 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Patrice Abduallah
Virginia Cain
Lonnell Conley
Marilyn Pfisterer
Isaac Randolph, Jr.
Joanne Sanders

ABSENT MEMBERS

AGENDA

PROPOSAL NO. 42, 2005 - amends the Code requiring the Purchasing Division to adopt rules to give a preference to Indiana businesses pursuant to IC 5-22-15-20
"Postpone" until May 4, 2005 Vote: 7-0

PROPOSAL NO. 69, 2005 - approves an increase of \$467,000 in the 2005 Budget of the Department of Metropolitan Development, Administration Division (Non-Lapsing State Grants Funds) to fund building construction activities proposed at 16th & MLK and enable a life sciences company to locate in this area, financed by a State of Indiana Technology Development Grant and an Indiana Development Finance Authority Grant
"Do Pass as Amended" Vote: 7-0

PROPOSAL NO. 74, 2005 - urges President George W. Bush and members of Congress to provide adequate appropriations to fund Amtrak
"Do Pass as Amended" Vote: 7-0

Presentation on the Certified Technology Park: Gordon Hendry, Director of Economic Development, Office of the Mayor

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, March 16, 2005. Chair Jackie Nytes called the meeting to order at 5:00 p.m. with the following members present: Patrice Abdullah, Virginia Cain, Lonnell Conley, Isaac Randolph, Joanne Sanders and Marilyn Pfisterer. Also present were Bart Brown, Council CFO and Councillor Mike Speedy.

Chair Nytes asked to rearrange the agenda for the evening to have the presentation on the Certified Technology Park by Gordon Hendry before the committee considers a proposal in the Certified Technology Park. The committee gave consent.

PROPOSAL NO. 42, 2005 - amends the Code requiring the Purchasing Division to adopt rules to give a preference to Indiana businesses pursuant to IC 5-22-15-20.

Councillor Randolph said based on the House Bill 1080 that passed the Indiana General Assembly in a bi-partisan fashion, the basic premise of Proposal No. 42, 2005 is not unlike "Buy Indiana" or "Buy America." It seeks to help grow Indianapolis businesses in the region, with the understanding that, "at some point we cannot continue to pluck from our neighbor's garden what we cannot find in our garden." He said there are future minority Bill Mays' (President of Mays Chemicals) out there who need an added incentive. He said based on some of the research he has done, he wanted to make sure the proposal did not conflict with existing State law or violate the home rule principle. He said he hopes it comes out of committee, helps businesses, and keeps tax dollars in Marion County and the region. He said a critical point is the element of contiguous counties. Just like the Regional Transportation Authority and The Indy Partnership, this is a good first step.

Amy McFadden-Marack, Deputy Controller, said the Controller's Office and Purchasing Division supports the idea and they already encourage as many businesses as possible, from local and small Indiana businesses, to bid. Through the Department of Administration, women and minority businesses are made aware of bid opportunities.

She said there are a few points about the proposal that should be brought to the committee's attention. The first is the administrative cost. She said the proposal will increase the administrative cost of the Purchasing Division of the Office of the City Controller. The division will be required to develop criteria for determining if a business is eligible for the Indiana business price preference. She said that to comply with State law they would also have to determine which states have price preferences and the amount of the preference.

Ms. Marack said the current staff cannot absorb this cost. She said the Purchasing Division staff was cut almost in half several years ago, and now the staff is required to do more with less. She said taking on the administration of County purchases is taking up the flexibility they had. Based on conversations with the State of Indiana Purchasing Division, at least one person would need to be added to develop criteria, do research on

other states, and evaluate whether businesses qualify for preferences. At a minimum, the cost will be approximately \$45,000 annually.

Ms. Marack said the second concern is the increase in paperwork for the vendor and the Purchasing Division. The proposal requires the vendor to provide additional information in order for the Purchasing Division to make the preference determination. She said in order to claim the preference, businesses will be required to provide information on their principle place of business. She said the City's Purchasing Division will work with the State's Procurement Division to determine what constitutes an Indiana business. The State requires the business to complete a two-page form in order to determine if the business can claim the preference. The City's Purchasing Division would be required to do the same investigation and evaluation.

Ms. Marack said IC 5-22-15-20.5 defines four criteria for Indiana businesses: the principle place of business must be Indiana; a major part of payroll, in dollars, must go to Indiana residents and a majority of employees must be Indiana residents; the business must make capital investments in Indiana; and the business makes a positive economic impact on Indiana. The State said the process can be complicated, and under IC 5-22-15-20 (d) (1), the City will have to come up with a way to determine if a bidder qualifies as an Indiana business under the rules.

The third concern is the additional cost to the City and County to purchase goods and services. Depending on the amount of preference determined and the businesses that qualify, the preferences could negatively impact the City through higher cost for contracts. If a contract is less than \$500,000 the preference is 5%, \$501,000 to \$1 million a 3% preference is given, and greater than \$1 million is a 1% preference. She said that if the State gets two bids, one from out of the state and one from in state, with all things being equal, the State would give the contract to the qualified Indiana firm and pay more.

In 2004 the city had 531 transactions valued at nearly \$6 million for the purchase of supplies and equipment. Four hundred and ninety three, or 93%, was under \$25,000. The transactions were valued at \$1.8 million. Of the 531 transactions, approximately 25% of the contracts were awarded to out of state firms. If the State's example of 5% is applied to purchases under \$25,000, and all Indiana businesses received a preference, it could cost the City over \$67,000.

The fourth concern is the additional time needed to adopt the rules. The proposal states the ordinance will take place upon adoption. That will not give the Purchasing Division enough time to develop the rules to determine if a business qualifies. Research will also need to be done to determine if other states have unfavorable preferences to Indiana businesses. A methodology will also need to be developed for computing preferences for Indiana businesses. The work will take some time to be complete, and having the proposal take effect immediately will strain the Purchasing Division. Time is needed for implementation.

The Purchasing Division and Controller's Office support the idea of Proposal No. 42, 2005 and are working to encourage maximum participation of Indiana businesses. It might be best if the proposal is adopted as part of the budget because of the additional cost.

Councillor Randolph said he is flexible regarding the implementation date. He said Ms. Marack's concerns were temporary, if not minimum, challenges. He said they are looking at the proposal two different ways. He is looking at it as an investment. Some contracts issued by the City over the years, for instance the contract to help facilitate the Colts expansion, went to Los Angeles, California, not an Indiana business. While there is a quibble over \$45,000 to hire someone to conduct the work, once the process is set up it will be a minimum cost. Councillor Randolph said the savings are recaptured over the long haul with sales tax income tax and property tax. He said we are in a situation where we will be facing some major decisions, particularly about raising taxes across the board. He said he would find it hard to support any type of tax increase without looking at some investment for small businesses. He said he has faith that the Mayor's Office, his advisors, and the Controller's Office can work through the paperwork process and find money to hire someone to do the job. He said once the system is set up it will reap great benefits. He said he would be interested in hearing ways to eliminate or reduce the barriers to implementing the proposal.

Ms. Marack said some of the cost would be initial, but according to the State, there is a need for ongoing cost because of the additional requirements for evaluating the forms. The National Institute for Government Purchasing (NIGP) said you could pay more if this proposal was instituted, versus what the City is doing right now which is encouraging local businesses to bid on projects without additional paperwork. She said they are doing the low bid and are not applying a preference.

Councillor Randolph said his district is next to Hendricks, Boone and Hamilton Counties and at any given moment any of the businesses in Park 100 and other places in Pike Township can go one or two miles away and be out of his district. He said a surgical business just left the district and businesses need to be retained. Councillor Randolph said he understands the City's concerns, but this requires some visionary leadership. Everyone wants to keep businesses here; therefore, paperwork and the cost of hiring one more individual should not stand in the way, but he wants it passed without putting an undue burden on the Controller's Office.

Councillor Pfisterer said from her experience in working for the State, procurement can be difficult and it is a bureaucratic system, but it has been streamlined since she left. She asked if the State has a list of certified businesses, that could be the central point of getting started. She asked if it could be done online to reduce the amount of paperwork and time.

Ms. Marack said the State's list could be utilized but some of the businesses the City works with locally do not do business with the State and therefore are not on the list. She said they have been working with the State to see what they go through.

Councillor Pfisterer said the global issues can be easily solved, and part of the details will need to be worked out. Ms. Marack agreed.

Debbie Greene, Administrator of the Purchasing Division, said the real concern is that the proposal does not cover the majority of the purchases because it does not cover public works construction and services. It only covers a small percentage of supplies and equipment. She said many purchases are less than \$5,000.

Councillor Speedy asked if the proposal would cost \$67,000 annually. Ms. Marack said that is the estimated cost if the City were to apply the preference across the board because 75% of the transactions for 2004 for goods, supplies and equipment were awarded to Indiana firms. Only 25% were awarded out of state. Councillor Speedy asked how much of the 25% applies to the \$1.8 million. Ms. Marack said they do not have the numbers. Councillor Speedy said that is more relevant than the percentage of contracts. He asked for examples of the City encouraging more local businesses to bid and if there is an example or a policy. He asked if the department would propose language to achieve what the City's current practice is and if the proposal could be expanded to cover public works. Ms. Marack said hardware supplies is an example of encouraging local participation. Others include paper supplies, business cards, and anything else including service contracts. If there is a proposal for marketing they suggest the names of local firms that could do the work. She said the State statute only applies to states that give unfavorable preferences to Indiana. She said that is an important part of the bi-partisanship of the state law. She said reciprocity was an issue for the State. The State did not want to give preference to a state that did not do the same for Indiana. Ms. Marack said she did not know if a business would not want to complete additional paperwork. She said the NIGP has shown that it costs local units more when they put in preferences rather than trying to buy locally without a preference.

Councillor Sanders asked if the \$67,000 annually includes the salary and fringes that would have to be appropriated for an additional person. Ms. Marack answered in the affirmative. Councillor Sanders asked if that would be approximately \$40,000 in salary. Ms. Marack answered in the affirmative. Councillor Sanders said the labor movement has the mantra "Buy America", "Buy Indiana," and "Hire Indiana Workers". She said the Indiana businesses they are arguing on behalf of are not always producing the goods themselves that will be passed to us. She said we may be growing companies who are distributors for importing items coming from China and other places. She said we have to be global in the current environment, but she also sees what the global economy has done to the local economy. She said there is a typo on Page 2 Section (d); it should read IC 5-22-15-20 and not IC 2-22-15-20. She said there is much to figure out to determine if we will get the benefits that have been suggested.

Councillor Conley asked for the number of people that were cut from the Purchasing Division. Ms. Greene said there were 32 people; it was cut to 18 and now there are 20. Councillor Conley asked if one person could do the work of those that were cut with only \$45,000 added to the proposal. Ms. Marack said they would try to absorb as much as possible. The people on staff are stretched really thin right now, and one more person

would be needed. Councillor Conley said that is his point exactly and asked if one person would help versus 15 more. Ms. Marack said they are being conservative. Councillor Conley asked if that much work could be duplicated with one person. Ms. Marack said one person would have to oversee the person and other people would help. Councillor Conley asked how the work was covered when the 15 staff people were cut. Ms. Marack said the 15 people have been gone for a long time.

Councillor Pfisterer said shipping cost and Quality Purchasing Agreements (QPA) also help capture savings. She asked if the current language allows for an exemption of cause. For example if there is no response or no company meets the criteria. Ms. Marack answered in the affirmative and said shipping costs are usually built into the bid, and the City does use QPA's whenever possible.

Councillor Randolph said he is a co-sponsor on Proposal No. 67, 2005, which increases minority business enterprise and women business enterprise (MBE/WBE) purchasing. He asked if the cost saving analysis would be done for MBEs. Ms. Marack said it happens now, but it is not a preference. They try to encourage MBE/WBE businesses to do business with the City. She said typically they look at the low vendor and it can be an MBE/WBE firm. The Department of Equal Opportunity handles the administrative aspects of MBE/WBE. Councillor Randolph asked if they follow the same procedures. Ms. Marack said they look at all the evaluations to determine if firms qualify as a MBE/WBE.

Councillor Randolph said he agreed with Councillor Sanders regarding "Buy USA" and "Buy Indiana" and Indianapolis can do the same. Councillor Sanders said her point was that we do not do enough of it and that is why our economy is in its current shape. Councillor Randolph said now we are concerned about \$45,000 and \$67,000. We have contracts with legal firms that could do some of the work or maybe it could be outsourced or there could be a service fee to cover the cost. He said it is inherently good for the City. He said the Mayor stated he saved \$2 million last year, so maybe that is a source to pay the added cost. Ms. Marack said the idea is not bad, but there are issues and a potential cost that the Council should be aware of, particularly given the City and County budget situation. Ms. Green said the bigger point is will it make a difference. Ms. Marack questioned if the proposal, as written, will produce the desired affect given the limited scope.

Councillor Abdullah said there needs to be more research and time to deal with the numbers. He said it is premature to move the proposal forward.

Chair Nytes agreed and asked if the proposal is developing a new program and if the series of percentages came from the State statute. Ms. Marack answered in the affirmative.

Chair Nytes asked if the proposal was developed with the purchasing staff. Councillor Randolph answered in the negative and said House Bill 1080 was used along with consultation from Council Attorney Aaron Haith. Chair Nytes suggested that the

Purchasing staff meet with Councillor Randolph and Council CFO Bart Brown to take a look at the State statute and determine what is involved in the program. In addition, determine if it will accomplish what he is looking for. She said the proposal needs more work.

Councillor Cain asked how an Indiana company is determined now and if there is a formal process. Ms. Marack answered in the negative and said addresses are used to determine if the company is an Indiana business, but it would be more complicated if the State statute were applied.

Chair Nytes said someone would be given a cost advantage by virtue of a company being a local or Indiana firm. Ms. Marack said they have to look at all factors in the state law. Chair Nytes said legal procedures would also be needed to explain to other bidders why they did not get the contract, even though they were the lower bid and all else was equal. Ms. Marack said documentation needs to be used to support their decisions to award a bid.

Bart Brown asked if it applied to contracts only over \$25,000. Ms. Green answered in the affirmative and said they have discretion on anything under that amount. He said that they get documentation with bid packages. He asked how much more time it would take if they were to just check a box. Ms. Marack said the documentation is not to just check a box. Mr. Brown said they could go through the process together and determine what makes up the \$45,000. Ms. Marack agreed.

Chair Nytes said the State has done a lot of outreach to Indiana businesses to ensure that they are aware of opportunities to sell to the State of Indiana. She said the committee should know what the City does to help local vendors know how to do business with the City of Indianapolis.

Councillor Sanders said she wants to study what the cost might be so that is taken into consideration when budget reviews are done. She suggested postponing the vote until the May meeting so the Council will have information needed and the Controller's Office will be able to incorporate the funds into the budget proposal. Chair Nytes said the effective date could be determined at that time to accommodate what needs to be done to implement the program.

Councillor Conley wanted to know if May is enough time. Councillor Randolph felt that it would be. Chair Nytes said it will be looked at in the May meeting; and in the meantime, Ms. Marack should meet with Mr. Brown and any of the sponsors to work on the proposal.

Councillor Sanders moved, seconded by Councillor Conley, to "Postpone" Proposal No. 42, 2005 to the May meeting. The motion carried by a vote of 7-0.

Chair Nytes said the committee members should look at IC 5-22-15-20 before the meeting so everyone is aware of what the state law calls for.

Presentation on the Certified Technology Park: Gordon Hendry, Director of Economic Development, Office of the Mayor

Chair Nytes said this is the first in a series of updates before the committee.

Mr. Hendry distributed a map (Attachment A) of the Certified Technology Park (CTP) boundaries. He said the CTP is being used to foster economic development in downtown Indianapolis, particularly in life sciences. These are new economy jobs with high wages that are high tech and highly competitive and the effort is a major priority for Mayor Bart Peterson. The City was a founding member of BioCrossroads, a private-public partnership focused on growing Indiana's life science industry. Biotech and life sciences are hot industries across the nation and communities everywhere are forming initiatives to promote these industries. Luckily, Indianapolis and Central Indiana have a position of strength because of Eli Lilly, Clarian Health Partners, the North American location of Roche Diagnostics, Dow Agrosiences, Cook Group and Well Point. Indianapolis is one of only a handful of regions with over \$200 million in life sciences academic research commitments and more than 10,000 life sciences college graduates each year.

The General Assembly passed legislation in 2002 that permitted communities to form CTP's to help communities attract high technology and high technology businesses. High technology was defined as advanced computing, advanced materials, bio tech (technology using living organisms, cells, molecules, proteins and other living organisms for useful purposes such as drug discovery), electronic devices, engineered products, medical devices and research & development.

Benefits of CTP are:

- Up to \$5 million in retail sales and income tax is diverted to the Metropolitan Development Commission for allocation to projects that create jobs, stimulate high tech, and develop the local economy. The dollars can be used for public facilities including streets, drainage, utilities and land acquisition that will be used to promote high tech businesses.

- It allows the City to apply for State technology grants.

In forming the CTP, a nationally recognized firm was hired to conduct a study of research parks across the nation, such as the Research Triangle in North Carolina, Boston and Atlanta. It looked at best practices and formulated guidelines for development in the Indianapolis life sciences community. The study found that a downtown CTP which had connectivity, greenspace, a greenway, a building of large labs, mixed land use and retail, improved landscaping and streetscapes, and better utilities and lighting would work.

In applying for the CTP designation, the City followed an application process set up by the State. Criteria included the involvement of an institution of higher education, the presence of a business incubator, and a business plan for promoting high tech research and

development and businesses. Indianapolis went through the process in 2003, and the City was awarded the CTP designation by former Lt. Governor Kathy Davis in December 2003.

Mr. Hendry posed the question: What is the City doing in the CTP and why is it making it a jobs engine? He first described the Emerging Technology Center (ETC). The City helped to secure a 66,000 square foot building and funding for a life sciences incubator. It was near capacity soon after the doors were open. The building is located on the southside of 10th Street east of the Canal. It houses more than a dozen life sciences start-up companies including the Indiana Centers for Applied Protein Sciences (ICAPS). ICAPS is the first business spin-off of BioCrossroads. The City donated \$500,000 to jumpstart the ETC.

Another is the Indiana University Medical Information Sciences Program. IU recently broke ground on a \$42 million, 167,000 square foot facility to house its Medical Information Sciences Building on the upper Canal. The facility will house the Division of Children's Health Services Research, the Center for Computational Biology and Bio Informatics, the Division of Bio Statistics, the Center for Bio Ethics and an institute. It will provide space for Clarian scientists who will work with IU scientists and researchers. The City donated the land in the public-private partnership, which formerly housed the Indianapolis Police Department Mounted Patrol. The Mounted Patrol was moved to former Central State property.

A third is the BioTechnology Research and Training Center (BRTC) located near the Bush Stadium. It is a \$26.9 million facility which includes 26,000 square feet of proteomic and genomic laboratories. It is a federally funded human genome project.

A fourth project is the \$65 million Clarian lab project currently under construction located at the head of the Canal. The lab will process tests for Clarian's three hospitals (Methodist, IU and Riley) and also Wishard, the Veterans Administration Hospital, and other hospitals. It will house approximately 500 people.

A fifth project is the IU School of Infomatics' new home in the Infomatics and Communications Technology Complex, just north of the IU Law School on the IUPUI campus. It is a \$43 million building. It will be a major boost to IT in Indianapolis and the CTP. It will be important in promoting scientific research, technical support, and teaching making IU a national leader in IT and super computing.

The Clarian Development Corporation is a partnership between Clarian, IU and the City to develop the last five-acre parcel of land on the upper eastside of the Canal. The redevelopment team is headed by Loft and will include several major buildings and a parking garage. It is currently under development. Investments are also being made in human capital. Former Governor Joe Kernan and Mayor Peterson last year announced grants to train Hoosiers for work in life sciences companies. It will help current employees of eleven local life sciences businesses pursue associate degrees in biotech. This is offered for the first time through IUPUI and Ivy Tech. Working through local workforce agencies, Mayor Peterson created BioTech Bound to give fifty at-risk students full tuition to prepare

for a career in the life sciences sectors. The City helps public and private entities with zoning, tax abatements and finding space for their enterprises.

The efforts are paying off in terms of jobs. From 2001 – 2003 Indiana created life sciences jobs whose pay more than doubles the national average. It had 4.5% growth compared to the national average of 2% growth. US Representative Julia Carson secured federal funding in the amount of \$2 million that was earmarked for infrastructure on Stadium Drive. It will be used this year and next to fund development in the Stadium Drive and CTP, which will help draw businesses to the district.

The City also increased the number of direct flights to Indianapolis. Cities such as Austin, Texas; Seattle, Washington; Boston Massachusetts; Raleigh, North Carolina; and Hartford, Connecticut have been added. The City is also promoting arts and culture, sports, the low cost of living, and the low tax rate. A recent study shows that Indianapolis is twelfth in the nation in terms of being a low tax state.

Councillor Sanders asked if the CTP encompasses all of IUPUI and Clarian's Methodist Hospital. Mr. Hendry answered in the affirmative. Councillor Sanders asked if it encompass the old Blocks Building on Stadium Drive. Mr. Hendry answered in the affirmative and said the land was being considered for the State Psychiatric Hospital. He said there are parcels on Stadium Drive that are promising for redevelopment. Councillor Sanders asked if the current businesses are being brought in on discussions of relocation or expansion. Mr. Hendry said they have had conversations with businesses along Stadium Drive, and developers have been looking at certain buildings.

Councillor Pfisterer asked for amount of developable land left. Mr. Hendry said there is a substantial amount, but he could not give an acreage amount. He said the 2003 study suggested relocating some utilities in the Stadium Drive district to create bigger parcels for development. There are some buildings currently for sale in the district. It is sign that people who own the buildings realize there will be growth along the corridor and they feel the time is right to make a sale. IUPUI and the City are substantial property owners in the district. Bush Stadium is approximately a 15-acre parcel that is currently being used by IUPUI for parking. At some point it will be a major boon for the life sciences corridor.

Councillor Abdullah said he was a part of the CTP dedication. He asked if there have been conversations with residents in the community to see how the CTP impacts their life. He asked if it is a win for the people and businesses already in the area. Mr. Hendry answered in the affirmative and said the residents can not be pushed out. He said there is no effort to relocate people out their homes. Some developers are cognizant of the residential impact and are thinking about it as they move forward. The Administration has had informal conversations with residents regarding what is going on. Councillor Abdullah asked if some of the research would have an adverse affect on the community, for example any toxic waste or gas. Mr. Hendry said most of the research entities are not engaged in a business that would have emissions of a substantial nature. He said there would not be a problem as far as dumping. He said the businesses are highly regulated and engaged in federally funded research. Councillor Abdullah asked what employment

opportunities are available for people in the community. Mr. Hendry said job opportunities will be provided for people. There is a focus from Clarian and the other major employers to hire people locally.

Councillor Conley said he has gotten calls regarding fumes. He asked if the federal government monitors the companies since they provide some of the funding. Mr. Hendry answered in the affirmative and said the companies are highly regulated, with particular specifications and business operations. Councillor Conley asked if we should feel safe. Mr. Hendry answered in the affirmative.

Chair Nytes thanked Mr. Hendry for sharing information on the CTP.

PROPOSAL NO. 69, 2005 - approves an increase of \$467,000 in the 2005 Budget of the Department of Metropolitan Development, Administration Division (Non-Lapsing State Grants Funds) to fund building construction activities proposed at 16th & MLK and enable a life sciences company to locate in this area, financed by a State of Indiana Technology Development Grant and an Indiana Development Finance Authority Grant

Margaret Banning, with the Department of Metropolitan Development (DMD), said each Councillor should have an amended version of the proposal.

Chair Nytes asked for a motion to use the amended version of the proposal.

Councillor Abdullah moved, seconded by Councillor Conley, to use the amended version. The motion carried by a 7-0 vote.

Ms. Banning said DMD received two State grants. The first from the Indiana Department of Commerce for the Certified Technology Park (CTP) in the amount of \$450,000. The grant was applied for last fall to proactively market the CTP and attract a major life sciences company to be located at one of the two key entry points to the CTP, either 16th and Dr. MLK or the Stadium Drive corridor. The company would serve as an anchor to attract future companies. She said they are being proactive so when a company is identified, DMD can move quickly.

The second grant for \$17,000, is from the Indiana Development Finance Authority. It is for the gateway to the Children's Museum. Ms. Banning said over \$3 million has been spent to beautify the corridor. The specific site at 2866 N. Capitol is a former gas station. Previously there were three gas stations at the intersection. The site had 11 underground storage tanks. It is a site assessment grant and will help to delineate the contamination and determine the level of contamination at the site. She said they will likely need to go back to IDFA for additional funding. Over \$70,000 has been appropriated by DMD on the three sites. Between federal, state, local and the Children's Museum dollars, \$3 million has been spent on the corridor.

Councillor Sanders asked for the source of the \$450,000. Ms. Banning said the Indiana Department of Commerce, specifically for CTPs.

Councillor Pfisterer asked if there was a local match for either. Ms. Banning answered in the negative.

Chair Nytes asked if the Metropolitan Development Commission would be involved when a business is located. Ms. Banning answered in the negative.

Councillor Randolph moved, seconded by Councillor Conley, to send Proposal No. 69, 2005 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 74, 2005 - urges President George W. Bush and members of Congress to provide adequate appropriations to fund Amtrak

Mayor Joe Wright, City of Beech Grove, said the previous subject matters of jobs, new businesses, and economic growth ties into the topic at hand. He thanked the committee for the opportunity to speak and said it might seem odd to be discussing this in committee given the content of the resolution. He said the subject matter is important, but the resolution focuses on a single reoccurring issue. Mayor Wright said his goal is to offer some suggestions, stimulate some forward thinking ideas, and prompt some dialogue.

He said as Mayor he is tasked with making the community better and brighter for citizens. Beech Grove has the highest tax rates in Marion. The major contributors to the tax problem are St. Francis Hospital and railroad properties because both are tax exempt.

Amtrak is a for-profit company and occupies 100 acres of a 235-acre parcel of railroad property in Beech Grove. The National Passenger Railroad Corporation (NPRC) owns the 100 acres. NPRC is an entity created by Congress in 1975. Two donations of land were made to the Corporation to make up the entire 100 acres, one in 1975 the other in 1985. Amtrak currently has approximately 500 employees at the location which represents less than half of the facilities capacity. Approximately \$1.2 billion is being requested to operate a \$1.4 billion budget. The dependence on federal funding is extremely high and as an employer there is a concern each year regarding funding from Congress. The issue surrounding funding for Amtrak is for the Federal government. The issue for Beech Grove is one of redevelopment, growing the tax base, and adding jobs.

Whether or not Amtrak is successful in getting federal subsidies each year, the Mayor's job is to be prepared for any outcome regarding funding. Amtrak represents the largest parcel of I-4 property in Marion County. It is situated along Emerson Avenue between Beech Grove's Main Street and 135 acres of abandoned CSX property. Mayor Wright said the location makes it complex to develop. He said the site is suitable for advanced manufacturing, advanced distribution and other high end uses that provide high paying jobs. There is a great opportunity cost of 235 acres or 5% of total land of the City of Beech Grove. It has the potential of increasing the total assessed valuation of the entire City of Beech Grove by as much as 40-50%. There is a great opportunity cost of having 2,000 –3,000 high paying jobs on a site that currently has only 500 employees. Not only

does Beech Grove benefit, so does Indianapolis since 5.4% of Beech Grove's tax is due to services provided under the UniGov statute.

Mayor Wright said the resolution is noble and is a easy stance to take, and it is consistent with past thinking. He suggest additional language be added to the resolution that supports the City of Beech Grove's request to have federal dollars added to the fiscal year 2006 budget, earmarked to study the environmental and economic impact of the railroad property in Beech Grove and the potential for job growth.

(Clerk's note: Mayor Wright read a letter sent to US Senators Richard Lugar and Evan Bayh and US Representative Julia Carson. See copy of letter in attachment B).

Mayor Wright said together we should get out in front of this issue and with a well thought out plan, good jobs can be secured and 2,000 –3,000 more jobs can be added that will provide a substantial new tax base.

Councillor Abdullah said one of the issues discussed at the National League of Cities conference was mass transit across the country and the affects that President Bush's cuts will have on rail stations and railroads that are eliminated. He asked for the usage of the land and the percentage of land that is productive as far as revenue sources for Beech Grove. Mayor Wright said there is no revenue coming back to Beech Grove. He said Amtrak uses 100 acres but they don not own the property. The facility is operating below 50% of its capacity. Amtrak's management has tried to increase the use of the property but they no longer do freight or competitor's repairs. There are four or five other repair facilities around the country, and the business is going to those locations. The best opportunity to generate repair revenue is on the East Coast.

Councillor Cain said when she worked for Senators Lugar and Dan Coats she made visits to the site, and the funding was in jeopardy each year. It comes down to jobs, not that the jobs must be Amtrak. She said technology is changing the way people travel. Councillor Cain said she supported Mayor Wright's suggestions. She said the land needs to be used to benefit the workers at Amtrak. Mayor Wright said he is not against Amtrak, but he is concerned about the opportunity cost and the end game.

Councillor Randolph said having workers wonder every year if they are going to have a job is not good. He asked if Mayor Wright is requesting to amend the resolution to incorporate his request to get federal funds to study the economic and environmental impact of the land. Mayor Wright answered in the affirmative. He asked if Chair Nytes would entertain a subcommittee working with Mayor Wright to look at reuse. He said when it comes to local issues, local people should work on them and not be left in the hands of someone who has never visited the city.

Councillor Abdullah said he has spoken with Chair Nytes, about transportation needs of baby boomers getting older. He said when baby boomer no longer drive they have no way to travel, particularly when rail systems are eliminated. Even though Amtrak may be eliminated, there should be other passenger or rail systems considered so older citizens can

still have transportation and travel. Mayor Wright said factors govern the best types of transportation. The rail infrastructure in the US is weak and Amtrak uses the same tracks as freight cars. Freight is governed to travel at 40 miles per hour. High-speed rail does not fit that model, but the same tracks are used. The fear is that passenger rail will go away if Amtrak is not funded, but the opposite might happen. The study may improve and solve the problems that Amtrak is having. He said there is no incentive for Amtrak to improve their service and make rail travel more viable.

Councillor Sanders said there is a built-in fear at Amtrak because the workforce was reduced in recent years. She asked if there were a plan for business or industry development at this location. Mayor Wright answered in the negative. Councillor Sanders asked if there a plan for housing development at the location. Mayor Wright said the potential uses would be a bi-product of the study and how best to utilize the 235 acres. He said he did not want to sacrifice I-4 property for dense residential. Mayor Wright said it is important to understand the retraining and growth opportunity of taking 500 people from an annual fear to a real opportunity of advancing their skills. Councillor Sanders said the retraining opportunity has not been what it was expected. The jobs individuals get after losing a position with a decent wage were often in the service industry, and two jobs were needed to replace the one that was lost. Mayor Wright said that is why the I-4 reuse of the property is the best fit.

Councillor Sanders said she serves on the policy committee for regional transportation, and some things in the long-term plan includes identifying rail lines that run from Chicago to Louisville and Cincinnati. She said non-attainment is a concern that affects everyone. Therefore this needs to be looked at globally with regional transportation plans taken into consideration. Federal government subsidizes all public transportation including railway and Amtrak, and this includes highways. Mayor Wright said the resolution supports a model that has the same results of not knowing if funding will be available year after year. He said he wants the committee to consider an amendment to the resolution to get in front of the issue that promotes a new way of thinking regarding the site.

Mayor Wright said the study is important, and he is willing to work with the City of Indianapolis and DMD. He said the area has been designated a redevelopment area. Councillor Sanders asked if all 235 acres had the designation. Mayor Wright answered in the affirmative. Chair Nytes concurred and said the boundaries would have been drawn to be broad to make sure the environmental cleanup was done in order for redevelopment to occur.

Councillor Conley said the government has always subsidized Amtrak. He said population affects the rail system. He asked if light cargo could be done. Mayor Wright said it has been tried and dropped. He said maybe Amtrak needs to go through a paradigm shift to reorganize and restructure.

Chair Nytes agreed with Councillor Conley and said that living in the Crossroads of American there is a lot of potential for rail transportation. The proposal is saying while

new ideas are being worked out, there are 500 people that need jobs and the facility needs to keep functioning as the new model is being developed.

Chair Nytes asked Councillor Randolph for language on the amendment. He deferred to Councillor Cain. Councillor Cain said the amendment should include asking for help to study the environmental and economic impact and what can be done to complement Amtrak.

Chair Nytes said to insert a Section 3 and renumber the remaining Sections to reflect the amendment.

The new Section 3 will read, "The Council supports the City of Beech Grove's request for funding an economic and environmental reuse study of this area."

Chair Nytes asked Maury Plambeck, Director of DMD, if he could support the proposed amended change. Mr. Plambeck answered in the affirmative.

Councillor Conley asked if there were a reply from the Congressional delegation on the letter. Mayor Wright said the process is that a survey is completed and then letters are sent. He said the letter went out on March 10, 2005. He said the committee will deal with the issue in the next 60 days.

Councillor Speedy asked if this was timely. Mayor Wright answered in the affirmative.

Chair Nytes said the site has played an important role in public transportation and it may have an important role to play in the future, and the Council needs to be proactive to ensure we have jobs.

Councillor Randolph moved, seconded by Councillor Abdullah, to "Amend" Proposal No. 74, 2005 by inserting a new Section 3 to read, "The Council supports the City of Beech Grove's request for funding an economic and environmental reuse study of this area", and to renumber the remaining Sections. The motion carried by a vote of 7-0.

Chair Nytes thanked Mayor Wright for coming and asked that he work with DMD.

Councillor Conley moved, seconded by Councillor Sanders to send Proposal No. 74, 2005 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 7-0.

Chair Nytes said that each Councillor received a memo (see attachment C) that reflects some change to the Economic Development meeting schedule. She said the April 6, 2005 meeting was canceled, and a meeting was added for March 30th and April 20th of 2005.

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The meetings were added to ensure that the committee met between each full Council meeting.

CONCLUSION

With no further business, and upon motion duly made, the Economic Development Committee of the City-County Council was adjourned at 6:50 p.m.

Respectfully Submitted,

Jackie Nytes, Chair

JN/csp